

Message Text

PAGE 01 NATO 01900 01 OF 02 172251 Z

72

ACTION EUR-25

INFO OCT-01 ADP-00 SS-15 CIAE-00 PM-09 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 GAC-01 USIA-12 TRSE-00

MBFR-03 SAJ-01 NSC-10 EB-11 OMB-01 COME-00 RSR-01

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FM USMISSION NATO

TO SECSTATE WASHDC 9768

SECDEF WASHDC

INFO DA WASHDC

CDRUSAMC ALEXANDRIA VA

CDRUSMICOM REDSTONE ARS AL

CDRUSACDCADA FT BLISS TEX

USCINCEUR VAIHINGEN GER

CINCUSAREUR HEIDELBERG GER

CDR 32 D AIR DEF CMD KAISERSLAUTERN GER

CHUSNAHALO PAIRS

CHMAAG ATHENS

CHMAAG BONN

CHMAAG COPENHAGEN

CHMAAG ROME

CHMAAG THE HAGUE

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 1900

E. O. 11652: GDS, 30-4-79

TAGS: MARR, NATO

SUBJ: NATO- HAWK BOARD OF DIRECTORS (BOD) MEETING, 9-13 APRIL 1973

SECDEF FOR ODDR& E, OASD(I& L)- MESSRS CLAUSSENIUS & WEISSMAN,
ASD(I& L).

DA FOR OASA(I& L) AND CDSLOG (MS- SBI).

USMICOM FOR AMCPM- HA.

USCINCUEUR FOR MAD AND J-4.

USAREUR FOR AEGD- MR- MM AND USAMICOM FLD OFC (AMCPM- HAI- EUR- MAJ
ROBERTSON.

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PAGE 02 NATO 01900 01 OF 02 172251 Z

REF: A. HMO/2.2.01/0920/73 (FINAL), NATO- HAWK BOD AGENDA, 21 MAR 73.

B. HMO/4.81.05/1763/73, NHPLO/ AEROJET AGREEMENT, 30 MAR 73.

C. USNATO 1618 DTG 302032 Z MAR 73.
D. SECSTATE 3597 DTG 060037 Z APR 73

1. BEGIN SUMMARY. NATO HAWK BOARD OF DIRECTORS (BOD) MET IN PARIS 9-12 APR 73. US BOARD MEMBER (COL LYNCH) REPORTS PROCEEDINGS. PRINCIPAL ITEM OF US INTEREST DISCUSSED WAS NATO- HAWK EUROPEAN LIMITED IMPROVEMENT PROGRAM (HELIP). NATO- HAWK MANAGEMENT OFFICE (NHMO)/ NATO MAINTENANCE AND SUPPLY AGENCY (NAMSA) JOINTLY PREPARED PLAN FOR TRANSFER TO NAMSA OF NATO- HAWK SUPPLY AND PROCUREMENT TASKS DURING 1973 WAS APPROVED. ROCKET MOTOR REPLACEMENT ISSUE IS BECOMING URGENT FOR NATO- HAWK PARTICIPANTS. US MEMBER OF BOD AND NHMO STAFF DEVELOPED NEW APPROACH FOR PLANNING PURPOSES ONLY, WHICH COULD RESULT IN CASH RECOVERY OF MAJOR VALUE OF US SHARE OF JOINT NATO- HAWK MAINTENANCE FLOAT. ULTIMATE DISPOSITION PLANS FOR FLOAT ITEMS ARE LINKED TO HELIP DECISION. NHMO WILL COORDINATE WITH USNATO IN ADVANCE ALL MAJOR ITEM DISPOSITION PLANS. USNATO WILL CONTINUE TO MONITOR DEVELOPMENTS AND KEEP WASHINGTON INFORMED. REQUEST OSD CONCURRENCE IN CONTINUED DEFERRAL OF FURTHER RECOVERY ACTION. END SUMMARY.

2. NATO- HAWK BOD MET IN PARIS, 9-12 APR 73. PERTINENT AGENDA ITEMS ARE REPORTED PER FEF A.

A. ITEM 1 - SUMMARY RECORD OF PREVIOUS MEETING. APPROVED

B. ITEM 2.1 - INDUSTRIAL OFFERS.

(1) US PRINCIPLE INTEREST WAS IN DISCUSSION OF HELIP INDUSTRIAL OFFERS AND ALTERNATE SUGGESTED APPROACHES. DISCUSSION WAS LENGTHY AND OFTEN CONTENTIOUS. NATIONAL POSITIONS ARE SUMMARIZED AS FOLLOWS:

(A) FRG. NEITHER RAYTHEON (RAY) NOR AEG- TELEFUNKEN (TFK) PROPOSAL IS ACCEPTABLE TO FRG AT THIS TIME. FRG PREFERS THAT RAY AND TFK PREPARE A COORDINATED PROPOSAL WITH TOTAL COST NOT TO EXCEED APPROXIMATE RANGE OF LOWEST SINGLE QUOTATION (RAY). IN FINAL ANALYSIS, FRG COULD ACCEPT BASIC RAY PROPOSAL OR PERHAPS THE NEWLY- PROPOSED ITALIAN APPROACH, BUT ONLY ON BASIS OF LOWESTS COST FOLLOWING DESIRED NEGOTIATIONS.

(B) ITALY. NEITHER RAY NOR TFK PROPOSAL IS ACCEPTABLE.
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PAGE 03 NATO 01900 01 OF 02 172251 Z

ITALY MUST HAVE PARTICIPATION BY ITALIAN INDUSTRIES IN PRODUCTION AND CONVERSION AT LEAST TO EXTENT OF ITALIAN SHARE OF PROGRAM. ITALY WANTS NEW PROPOSALS FROM BOTH RAY AND TFK WHICH INCLUDE MAXIMUM ITALIAN INDUSTRY PARTICIPATION. ITALY ACCORDS LESSER PRIORITY TO MINIMIZING PROGRAM TOTAL COST. ITALY STATED WILLINGNESS TO ACCEPT EITHER RAY OR TFK AS PRIM CONTRACTOR.

(C) NETHERLANDS (NL). NL INSISTS ON LOWEST COST. COULD ACCEPT EITHER RAY PROPOSAL FOLLOWING CUSTOMARY NEGOTIATIONS OR ITALY APPROACH PROVIDED THAT ITALIAN APPROACH COSTS NO MORE

THAN BASIC RAY PROPOSAL. PRAGMATIC NL BOD MEMBER (GENERAL STOKLA) GUIDED MOST BOD DISCUSSION AND CLEARLY DELINEATED THE DANGER OF DISAGREEMENT ON A COMMON COURSE OF ACTION. FAILURE TO AGREE COULD LEAD TO BREAKUP OF THE NATO- HAWK ORGANIZATION. NL POSTULATED THAT PROBABLY THE ONLY PROPOSAL THAT COULD SATISFY ALL MEMBER NATIONS WAS SOME VERSION OF THE ITALIAN APPROACH PROVIDED THAT IT COST NO MORE THAN ANY OTHER. NL INSISTS ON EARLY DECISION. NL CONTRIBUTED GREATLY TOWARD A WORKABLE COMPROMISE SOLUTION.

(D) GREECE. GENERALLY FOLLOWS LINE OF NL. EMPHATIC ON NECESSITY FOR EXPEDITING DECISION. GREECE ALREADY HAS ORDERED DIRECTLY FROM THE US EQUIPMENT FOR SIX IMPROVED HAWK PLATOONS. FURTHER NATO- HAWK PROGRAM DELAYS COULD RESULT IN UNACCEPTABLE EQUIPMENT IMBALANCE FOR GREECE. GREECE MIGHT THEN BE FORCED TO DROP OUT OF HELIP AND CONTRACT DIRECTLY WITH RAY IN THE US FOR CONVERSION OF BASIC HAWK BATTALION.

(E) OTHER NATIONS. BELGIUM, DENMARK, FRANCE AND US ONLY NOTED DELIBERATIONS WITH INTEREST.

(2) AFTER ELIMINATION OF SEVERAL COURSES OF ACTION AND INCLUSION OF ITALIAN APPROACH, THE BOD ISSUED FOLLOWING INSTRUCTIONS TO THE GENERAL MANAGER:

(A) NEGOTIATE BASIC RAY QUOTATION.

(B) REQUEST RAY TO INVESTIGATE PLACEMENT OF SUBSTANTIAL SUBCONTRACTS WITH EUROPEAN AND IN PARTICULAR ITALIAN FIRMS. KEEP THE CURRENT QUOTED AMOUNT AS A CEILING, AND SUBMIT A NEW PROPOSAL ON THAT BASIS.

(C) REQUEST TRK TO INCREASE EXPENDITURES IN THE US TO APPROXIMATELY 50 PERCENT, INCREASE PARTICIPATION OF ITALIAN FIRMS, MEET OR BEAT THE RAY QUOTATION AS A CEILING, AND SUBMIT A NEW PROPOSAL ON THAT BASIS.

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PAGE 01 NATO 01900 02 OF 02 172001 Z

72

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 1900

(D) INFORM BOTH FIRMS THAT ANY AGREEMENT BETWEEN THEM
RESULTING IN A COMBINATION OF SOLUTIONS (B) AND (C) COULD BE
ACCEPTABLE TO THE BOD.

(3) THE GENERAL MANAGER EMPHASIZED HIS CONCERN ABOUT RE-
QUESTING RAY AND TFK TO UNDERTAKE ADDITIONAL COSTLY AND OVER-
LAPPING PROPOSAL EFFORTS. HE WILL ATTEMPT TO CARRY OUT BOD
INSTRUCTIONS AND HOPES THAT CONTRACTORS WILL COOPERATE. BOD
PLANS TO DISCUSS REVISED HELIP PROPOSALS AT NEXT MEETING IN
BRUSSELS, 3-6 JULY 1973.

C. ITEM 2.2 - NHPLO/ AEROJECT AGREEMENT. THE BOD REQUESTED THE
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PAGE 02 NATO 01900 02 OF 02 172001 Z

US MEMBER TO ACCOPLISH, IF POSSIBLE, AN INTERVENTION WITH AERO-
JET GENERAL CORPORATION WITH A VIEW TO HELPING OBTAIN BETTER TERMS
OF RENEWAL OF ROCKET MOTOR LICENSE AGREEMENT. US MEMBER HAS
ALREADY REQUESTED ASSISTANCE OF HAWK PROJECT MANAGER IN CLARIFYING
AEROJET PROPOSED TERMS.

D. ITEM 3.3 - NHPLO/ NAMSO DRAFT AGREEMENT RELATING TO THE
PERFORMANCE OF CERTAIN TASKS FOR HAWK LOGISTIC SUPPORT. THE
BOD APPROVED THE AGREEMENT WITH AN AMENDMENT PROPOSED BY ITALY
AND FURTHER MODIFIED BY A COMMITTEE OF EXPERTS. THE US NOTED
WITH SATISFACTION THIS IMPORTANT STEP TOWARD INCREASED UTILI-
ZATION OF NAMSA.

E. ITEM 3.6 - REPLACEMNT OF ROCKET MOTORS

(1) BELGIUM AND FRANCE, AS NONPARTICIPANTS IN HELIP,
FACE AN URGENT PROBLEM OF ROCKET MOTOR REPLACEMENT. TESTS IN THE
US AND EUROPE TEND TO CONFIRM AN APPROXIMATE 10- YEAR SAFE SHELF
LIFE FOR HAWK ROCKET MOTOR PROPOELLANT. BOTH NATIONS MUST START
NECESSARY PROCUREMENT ACTION THIS YEAR. PROCUREMENT FROM US
SOURCES APPEARS LIKELY.

(2) FOR ALL NATO NATIONS, INCLUDING THOSE PLANNING PARTI-
CIPATION IN HELIP, WITH HAWK MISSILES AND OLD MOTORS, CRITICAL
YEARS (YEAR MISSILES BECOME 10 YEARS OLD) ARE 1974-1976. FURTHER
PROLONGED DELAY IN REACHING A HELIP DECISION COULD IMPACT

ADVERSELY ON MISSILE OPERATIONAL AVAILABILITY STARTING IN 1974.
REALIZATION OF THIS PROBLEM SHOULD AID IN FORCING A HELIP DECISION
AT JULY MEETING.

3. OUTSIDE OF THE FORMAL BOD MEETING, US MEMBER DISCUSSED
WITH NHMO STAFF AND APPROPRIATE BOD MEMBERS OWNERSHIP ASPECTS
AND DISPOSITION OF JOINTLY OWNED NATO- HAWK MAINTENANCE FLOAT
HARDWARE. EACH NATION SCHEDULED TO RECEIVE THE US SHARE
(DENMARK, GREECE, AND ITALY) HAS DIFFERENT REQUIREMENTS,
PRIORITIES AND BUDGETARY PROBLEMS. BILATERAL RECOVERY ACTIONS
WITH THE THREE NATIONS, ALTHOUGH FEASIBLE, DO NOT APPEAR
ATTRACTIVE FOR FARIOUS REASONS INCLUDING THOSE CITED IN REF C.
A NEW COURSE OF ACTION, BASED ON DEVELOPING NHMO PLANS FOR HELIP,
COULD PROVIDE A SOLUTION ACCEPTABLE TO THE THREE RECIPIENT
NATIONS AND THE US. THE NHMO IS CONSIDERING THE FORMATION OF
TWO COMPLETE BATTERIES OF BASIC HAWK EQUIPMENT IN CONJUNCTION
WITH HELIP PROCUREMENT. ONE BATTERY WOULD BE USED FOR TECHNICAL
CONFIGURATION VALIDATION OF CONVERSION KITS. ONE BATTERY,
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PAGE 03 NATO 01900 02 OF 02 172001 Z

FOLLOWING CONVERSION, WOULD BE USED FOR TEST FIRING PURPOSES.
IF THE NHMO DECIDES TO USE JOINT MAINTENANCE FLOAT MAJOR ITEMS
FOR THESE TWO BATTERIES, IT IS CONCEIVABLE THAT EACH NATION
MIGHT BE REIMBURSED IN CASH OR PROVIDED CREDIT (AS A PART OF
THE OVERALL HELIP ESSENTIAL COSTS) FOR ITS FAIR SHARE OF THE
ITEMS THUS UTILIZED. IF THIS COURSE OF ACTION WERE PURSUED, THE US
COULD ACCOMPLISH A PAINLESS AND ECONOMICAL CASH RECOVERY OF
THE MAJOR VALUE OF THE US SHRE. NHMO WILL KEEP USNATO INFORMED
OF ALL PLANS IN THIS REGARD AND WILL COORDINATE IN ADVANCE
ALL MAINTENANCE FLOAT MAJOR ITEM DISPOSITION PLANS. USNATO
WILL CONTINUE TO MONITOR DEVELOPMENTS AND WILL CONTINUE TO
PUSH DISCREETLY FOR NHMO UTILIZATION OF THE JOINT MAINTENANCE
FLOAT AND CASH REIMBURSEMENT FOR THE US SHARE AS DESCRIBED ABOVE.

4. IN VIEW OF CONTINUING DELAY IN HELIP DECISION AND DEVELOPING
MAINTENANCE FLOAT DISPOSITION PLANS OUTLINED IN 3 ABOVE, US REP
PREFERS TO WITHHOLD AT THIS TIME FINAL RECOMMENDATION ON
RECOVERY OF US SHARE. EARLIEST PROJECTED DATE FOR FINAL RESO-
LUTION OF MAINTENANCE FLOAT ISSUE IS TIED TO HELIP DECISION,
ANTICIPATED ON OR ABOUT 6 JULY. REQUEST OSD CONCURRENCE IN
DEFERRING FURTHER RECOVERY ACTION UNTIL NHMO DETAILED PLANS FOR
HELIP BECOME MORE FIRM AND/ OR THE BOD ARRIVES AT A HELIP
DECISION. RUMSFELD

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